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Allen County's Annual Trending Summary 2016 Pay 2017

3/1/2016

Allen County performed preliminary ratio studies on all neighborhoods at the township level. An analysis of the statistics helped indicate which areas needed the most concentration for this year in regards to both sold and unsold properties. Property characteristics were also updated during sales validations.

Residential land values were developed for new subdivisions and adjusted in areas that sales indicated change. After these steps were taken, neighborhood factors (annual adjustments) were calculated for each neighborhood. These neighborhood factors were applied and the statistics were calculated again. Further analysis was done where it was required.

We used sales between 1/1/2015-12/31/2015 in the annual adjustment process in neighborhoods that had enough sales in that timeframe. In neighborhoods where there weren't sufficient 2015 sales, we used sales from 2014. There was no market evidence supporting time adjustments for these sales. All of these sales were verified within the 60 day timeframe.

As we have in years past, we used a gross rent multiplier model to value residential rental properties.

The new location multiplier of .94 supplied by the DLGF was updated into our system for 2016 pay 2017.

Also, after submitting our sales data to the state in February 2016, some sales were further scrutinized and their validity codes have been changed. These have been changed along with other sales that were deemed invalid. They all can be found in the attached reconciliation spreadsheet.

Allen County has a significant number of multi-parcel sales every year. In areas where the sample sizes are sufficient, multi-parcel sales are usually excluded from the annual adjustment process.

Below are notes regarding a few of the different studies:

1) **Industrial Vacant** - county-wide study was conducted due to lack of sales.

2) **Industrial Improved** – county-wide study was conducted due to lack of sales.

3) **Commercial Vacant** – county-wide study was conducted due to lack of sales.

4) **Commercial Improved** – combined study for Aboite, Cedar Creek, Eel River, Jackson, Jefferson, Lafayette, Lake, Madison, Marion, Maumee, Milan, Monroe, Perry, Pleasant, Scipio and Springfield Townships due to lack of sales and similarities in markets. Also combined studies for Wayne & Adams Townships for same reason.

5) **Residential Vacant** – combined study for Eel River, Jackson, Jefferson, Lafayette, Lake, Madison, Marion, Maumee, Milan, Monroe, Pleasant and Springfield Townships due to lack of sales and similarities in markets. Also, combined study for Adams, St. Joe and Wayne Townships due to lack of sales and similarities in markets.

6) **Residential Improved** – combined study for Jackson and Jefferson Townships. Also Madison, Marion, & Monroe Townships. And combined study for Scipio and Springfield Townships due to lack of sales and similarities in markets.

Wayne Township 2016 Trending Summary

Overview

For the 2016 annual adjustment process, Wayne Township analyzed sales which occurred between January 1, 2015 and December 31, 2015. Sales disclosures were initially verified and validated by the township Real Estate Records Deputies. This was done by phone contact with the buyers and sellers. The township is broken down by quadrants representing taxing districts. Each sale was physically inspected and the sales disclosure was verified a second time by a Residential Real Estate Appraisal Deputy who specializes in that area. Residential parcels were valued using the cost model and calibrated with neighborhood specific trending factors developed from the analysis of sales. Verified single family & duplex rental properties were valued using a Gross Rent Multiplier, obtained by collecting sales and income data from comparable investment properties. 3–6 family units were valued using the cost method and calibrated by using the sales comparison method. Initial data collection has begun on these types of properties in anticipation of creating capitalization rates specific to the valuation of multi-family units throughout the township.

Review of Residential Parcels by Taxing District

Northeast Quadrant/Area 91

In the northeast quadrant of Wayne Township, single family non income parcels showed a positive trend with a .07 median rate of growth. The Spy Run area (on the western edge) as well as Lewis St area (on the Eastern edge) revealed signs of the highest market growth. Income valued parcels remained stable except in the Lewis St. neighborhood which showed a .24 median increase. This area still remains heavily saturated in sales after foreclosure; however it is showing a positive trend toward market stability.

Northeast Quadrant - foreclosure/rental	
172108	172220
172207	172225
172117	172144
171504	

Northwest Quadrant/Area 92

Annual Adjusting for 2016 has the single family owner occupied homes in the northwest portion of Wayne Township increasing by an average of .06. As is typical in real estate there are certain locations within the quadrant that exceed the average, such as the North Highlands Addition. Due to the redevelopment of the West Central corridor, the trend in that area has shown an increase of .11, with signs of continued growth for the future. There are no longer foreclosure neighborhoods in this taxing district and the income properties remain stable with an average increase of .01. This we attribute to the increase in the location multiplier set by the state.

Southeast Quadrant/Area 93

Residential homes reflect a .05 increase for the Southeast quadrant. This area is heavily affected by income property sales, and the market has changed from predominantly foreclosure to investor fueled sales. Here we have used income sales as well as owner occupied valid sales to trend, as they have become the predominant sales in the market. The most depressed areas in this quadrant, have seen a growth in sales prices between .22 - .40. These areas are farthest to the East.

Southwest Quadrant/Area 94

The southwest portion of Wayne Township is very diverse. The area closest to downtown, is highly populated with rental properties while the south and west part of the quadrant contain some of the highest valued properties in the township. Single family non income homes showed an increase of .03 and are located in the higher valued neighborhoods. Income values increased by .05 in the areas highly saturated with sales after foreclosure and income producing properties. The neighborhoods listed below used both of these types of sales to trend the 2016 values.

Southwest Quadrant – foreclosure/rental	
472302	471112
471220	471211
471311	471408
471415	471417
471864	471874

Waynedale/Area 95

Waynedale remained stable with a .01 increase which could be explained by the increase in the location multiplier. Areas surrounding Lakes of Avalon and Sandpoint/Ardmore neighborhoods showed signs of .03 increases in market sales. Income properties have remained stable with exception to Belle Vista neighborhood which did show a decline in 2016. There are no longer foreclosure neighborhoods in this taxing district.

TWP/ Area 30, 31, 96

These areas are located on the outer edge of the township, and mainly consist of rural properties. TWP has not been influenced by foreclosures; and trends reflect no change from last year. Our goal continues to be data collection to further support the GRMs for this area.

Summation

The 2016 annual adjustment process indicates that throughout the township, the market is showing a positive trend. Most foreclosure neighborhoods have stabilized and sales trends show an improvement in the residential market. Investors to investor sales have replaced the sale after foreclosure market, and those market prices are beginning to stabilize.

Home sales forecast to rise

3% nationally this year; locally, seller's market to continue

ROSA SALTER RODRIGUEZ | The Journal Gazette

Mom and Dad are moving up, and Grandma and Grandpa are moving on.

Those trends, combined with continuing low interest rates and an improving employment picture, made 2015 a big recovery year for the housing industry in the Fort Wayne area, according to local experts.

And, for 2016, they, and national prognosticators, hope for more of the same.

Both the National Association of Realtors and the National Home Builders Association forecast 2016 to bring gradual increases in sales and building, with pent-up sellers beginning to realize equity gains and rolling them into the purchase of other houses.

Home sales are predicted nationally to rise by about 3 percent in 2016, while single-family home starts are projected to go up by 11 percent and multifamily starts by 9 percent.

Dave Fuller, who heads the Allen County Building Department, doesn’t expect any huge leaps or drops in local numbers in 2016. The department issues new housing and remodeling permits.

In 2015, new-home residential permits were “up slightly,” Fuller said, continuing an upward trend that’s been occurring the last couple of years.

“That’s good because people aren’t jumping in and building a lot of spec units which the market can’t absorb. I think we’re at a level where the market can absorb what’s being built,” he said.

Although commercial construction permits were up much more in number and dollar value than residential permits, Fuller added, that also bodes well for housing. Increased investment by businesses in the region usually means more jobs and leads to stronger housing demand, he said.

Realtor Kyle Ness of Fort Wayne, who heads the multiple listing services for Fort Wayne-based Upstar, the Upstate Alliance of Realtors, forecasts the long-standing seller’s market will continue.

A seller’s market is one in which prospective buyers outnumber the number of homes for sale.

Ness said homes, particularly ones in desirable neighborhoods with desirable features, have been selling quickly. In November, the number of homes on the market decreased by more than 18 percent from October, continuing a string of months when monthly declines hovered around 20 percent, according to Upstar statistics.

Only a 3.4 months' supply of houses were for sale in November, the statistics show. A balanced market, when buyers and sellers roughly equalize, begins at about a five months' supply. That means many more sellers can enter the current market before it shifts.

Ness said 2015 was a fantastic year for local real estate, echoing comments from an Upstar report in November, the most recent available. That report pegged market conditions in 2015 as "the healthiest housing market in 15 years." Upstar will release its December and year-end reports in mid-January.

The conditions were "a little tough for buyers. They couldn't shop between homes," Ness said. But for sellers, "We're starting to see prices tick up, which is good for sellers because we're starting to see sellers begin to build equity.

"It gives them gains we haven't seen in the (recent) past," Ness said.

Such gains enable their next home purchase, he noted.

As of November, according to Upstar, year-to-date sales of existing homes were 7 percent higher than during the same period in 2014, and prices of sold homes were up 9 percent. The median price of an existing single-family home rose about 8 percent to $113,000 from a year earlier. Half of homes sell above the median, while half sell below it.

Area homebuilders also were busy in 2015 following a slow beginning blamed on a lingering winter and wet spring.

Although December's figures aren't in, building permits for new homes through November were up about 16 percent over the same period of 2014, according to the Home Builders Association of Fort Wayne. That amounted to 2 points above Indiana as a whole.

The average price of new homes through November stayed relatively steady, rising only one half of 1 percent, to $240,821 from $239,980 at the same time last year, according to the home builders association.

Homebuilders are reporting brisk business for spring's building season, and recent warm weather has helped many get a head start, said Maurine Holle, spokeswoman for the association.

Lonnie Norris, vice president of sales for Granite Ridge Builders in Fort Wayne, said the economy may take a bit of a backseat to demographics when it comes to shaping the coming year.

Granite Ridge, consistently in the top three new home builders in Fort Wayne based on volume, had a strong year in 2015. It was "a record year for us in total sales, and we approached a record in terms of number of units," Norris said.

With the economy steadying and consumers feeling more confident about their incomes, homes that have been selling well are move-up homes and what he calls "right-sized" homes that have a high livability factor for aging baby boomers, Norris said.

Grandma and Grandpa may not be moving into assisted living, but they are moving, Norris said.

"I think it's the functionality and the antiquated floor plans they're (currently) living in" that gets them to move, he said. "They're not necessarily downsizing, but they are resizing and getting bigger kitchens and spaces they can live in, with first-floor master suites. … Baby boomers are in the market big time."

Ness agreed that the "mover-up house, that four-bedroom ranch on a basement," is in demand and likely will continue through 2016.

With one cloud on the 2016 horizon largely evaporated, Ness said, sales should not slow from their 2015 levels.

For months, he said, the market has been edgy about the long-signaled rise in interest rates by the Federal Reserve, which enacted a 0.25 percent increase in one of its main rates in early December.

"It was the first (rise) in nearly a decade, and everybody was talking about it for months and years, but when it finally happened it was such a nominal step that it's not affecting purchasing power or affordability," Ness said.

Even with the rate hike, mortgages are available at 4 percent to 5 percent, Ness said. And, if other small hikes occur later in 2016 – as some are predicting – the prospect might spur traditional springtime building, listings and sales, he said.

"It seems like lately, every field has a bulldozer in it."